



2006
Upcoming Projects
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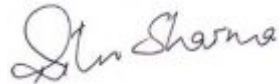
Report about Residential and
Commercial Upcoming Projects
in Delhi NCR

Welcome

Witnessing the huge success and appreciation of our first research report on Chandigarh real estate, PropertyVertical.com has come up with the second research report on real estate in India. This time we have covered Delhi NCR taking “Residential and Commercial Upcoming Projects” into the ambit of our research. This is a summary report of real estate in Delhi NCR which will be followed by detailed and supplemental series.

The research report has been prepared with the sole objective of providing reliable, authentic, objective and comprehensive analysis to our clients. We have maintained the standard and quality of research and analysis in an attempt to provide the best to our valued clients.

Hoping to meet your expectations in the future too!



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Introduction

The real estate market in India is on a high growth curve, on the back of a booming economy growing at the rapid rate of 7-8%, favourable demographics and liberalised FDI regime, opening up immense potential and ensuring profitable return on investments.

Development in the NCR and Delhi region is on fast pace owing to infrastructural developments such as construction of expressway, flyovers, and metro and other projects in the wake of Commonwealth Games in 2010.

In the last few years, suburban locations, including Gurgaon, Greater Noida and Faridabad witnessed a substantially higher percentage growth in capital values due to extensive commercial activity for office spaces being leased and purchased in these areas. The increased development of the commercial belt resulted in a concurrent demand for quality residential space in these as well as the neighbouring areas.

Due to the sealing drive, the commercial rates in Delhi NCR region have appreciated with Delhi rates touching new highs. Keeping in view the sealing drive and the foreign retailers like UK's Liberty International, Wal-Mart, Carrefour, Tesco and Casino foraying into Indian retail market, investment in retail projects in prime areas of Delhi would certainly prove to be yielding good returns with prices expected to go double within 1-2 years.

Gurgaon, located towards the South of Delhi, has National Highway 8 running through it, ensuring good connectivity. Its proximity to the existing airport is an added advantage. Gurgaon residential property prices have shot up about 40% in the last six months and still it is likely to see a lot of action in the coming months.

With little land available for development in Delhi, over the years, Gurgaon and Noida have acted as viable suburbs for owning comparatively inexpensive real estate. The introduction of Metro railway in Delhi has, to a large extent, solved intra-city transportation problems. In case of Noida, the demand and the property rates may increase with the completion of a proposed airport.

Greater Noida has advantages of better connectivity, power and water supply. But the region is also witnessing lesser occupancy as many buyers are buying property for investment purposes.

The Commonwealth Games 2010, to be held in the east of Delhi, is leading to a lot of action in the infrastructure, hospitality and retail segment. Indirapuram, Dwarka and Kaushmbi have witnessed a lot of development in the wake of the Commonwealth Games.

Areas like Kundli and Manesar are upcoming with development. Kundli is witnessing residential projects with some of the big developers like TDI tapping the potential. IMT Manesar has certainly opened new possibilities for the investors, corporations and the developers. EROS Group is developing a corporate park in IMT Manesar with approx 5 lakh sq. ft. area.

According to Associated Chambers of Commerce and Industry of India (ASSOCHAM) the real estate market will grow to US \$60 billion by 2010 from the present \$16 billion. In 2006-07, FDI is expected to be \$8 billion, with real estate having a share of 26.5%. This share is expected to increase by at least 10% by March owing to the entry of global real-estate players in the Indian market, with particular demand for office space for IT/ITES sectors.

A study on remittances conducted by Reserve Bank of India (RBI) reveals that in FY2006 of the total \$11.04 billion invested by the diaspora in various instruments, \$2.46 billion (Rs 11,070 crore) went into buying property.

Commercial Scenario

India's fast emergence as the economic hub has placed it on the world map as one of the favourite destinations for the entrants from all over the world. This has resulted into enormous developments in the commercial real estate. For instance the steep rise in the commercial property rates led Mumbai being rated as seventh and New Delhi as 11th in the list of most expensive office space in Asia.

Keeping in pace with the intense competition, the builders are trying out more inventive methods to be different and customized. For instance specialised malls have become the demand of the day. Gurgaon will soon have an auto mall catering to automobiles only. Gurgaon will also soon host a wedding mall by Omaxe with a huge banquet hall.

The malls have emerged as a good option for investment giving fixed and sure returns on the money invested. The space bought can thus be given on lease for three to nine years to the brands interested to set up an outlet in these malls. Buying space in a high quality development and leasing it to a good brand means locking returns for a fixed period of time. The lease agreements usually stipulate a 15-20% escalation in rental every three years, increasing the yield on invested money.

For brand building and positioning, malls are now coming up with 5 star hotels and service apartments providing conference halls, swimming pools, banquet halls and multiplexes all at one place under one roof, solving both the purposes- entertainment and work as well as catering to the increasing growth in the average room rates and room occupancy rate. The Commonwealth Games adding to this growth and demand.

The trend of developing large format malls (over three lakh sq ft) is fast catching up with new mall developers. Noida, Greater Noida and Ghaziabad are the emerging markets for large format retail development given the reasonable real estate costs, land availability and low cost labour in these areas. Gurgaon boasting around 58 recognizable malls other than many small ones is all set to get the biggest mall of the world with an average size of 2.5 lakh sq. ft. It is being developed by DLF Universal and to be known as the Mall of India. Some of the other projects upcoming in the NCR region are i Mall in Kessel i Valley; Greater Noida, Park Plaza by Omaxe in Gaziabad, Logix Cyber Park in Noida.

With the burgeoning Indian retail industry now placed at \$320 billion and expected to cross \$600 billion by 2010 not only the domestic entrepreneurs like Bharti Group, Reliance Industries Ltd and Tata Group are planning to foray into the retail segment but also the foreign players like Wal- Mart, Liberty International, Carrefour, Tesco and Casino are eager to have a share in this untapped market. This would surely result in increased demand for commercial real estate.

Residential Scenario

The Delhi NCR region has witnessed a great number of residential projects in the last 12 months and still the pace is picking up with many upcoming projects in the next 24-30 months. This has resulted into the over supply leading to a slump in the residential market in certain areas.

The residential property rates and the demand depend on the infrastructure of the area. Good infrastructure certainly leads to higher rates. For instance the flat rates in Indirapuram range between Rs. 2,500-2,800 per sq. ft. whereas in Noida it is about Rs. 3,500 per sq. ft.

Property rates in Kundli, Manesar and Sonapat region have appreciated due to developing infrastructure and industries and the momentum is expected to pick up. The land rates in Kundli belt started from Rs. 3600 per sq. y. which today is Rs. 8,000-12,000 per sq. y.

Government policies like home loan rates, investment on infrastructure, SEZ status, etc will determine the pace of the residential market in the NCR region.

A two-kilometer flyover is under construction which will take care of the Badarpur traffic bottleneck. Another highway is being constructed which will begin from Kalindi Kunj, go around the newly demarcated sectors of Faridabad, and end at Palwal. Hence, traffic that does not have to go into Faridabad will bypass the city altogether, thereby decongesting Mathura Road.

Also, the government initiatives such as proposed international airport, infrastructure development and other schemes in Greater Noida are likely to provide impetus to property prices in future.

Health care is also one of the deciding factors in the real estate market scenario. Huge upcoming projects like Escorts Medicity, Artemis Hospital (Apollo Tyres Group), Paras Healthcare and a health care project by Fortis might change Gurgaon's health map.

a Commercial and Residential Projects rate comparison as per the location:

COMMERCIAL

LOCATION	MINIMUM RATE (Rs. /sq.ft.)	MAXIMUM RATE (Rs. /sq.ft.)
Delhi	6500	36000
G. Noida	5250	7200
Gurgaon	6200	22000
Ghaziabad	6000	9900
Faridabad	6500	10000
Manesar	6000	15000

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The comparison of the commercial upcoming projects (both office and retail) rates in Delhi NCR region reveals that:

- i) Commercial space in Delhi is the most expensive one.
- ii) The rates of a project depend on the location of the project and the builder. For instance, the accessibility of the place, surrounding infrastructure, government approval as well as the name and credibility of the builder are some of the deciding factors for the rates. As the builders who are charging Rs 36,000 per sq feet are not big, established and the investment in the project is also not huge. Thus a project by a "C" category builder in Sec 9, Rohini is almost 82% higher than a project by category "A" builder in old Delhi.
- iii) Same can be applied to other places like Gurgaon where a project by "B" category builder which is in 6-7 kms away from the main road is costing Rs. 6200 per sq feet whereas another project by category "A" builder on the Main MG road is costing Rs. 22,000 per sq feet.

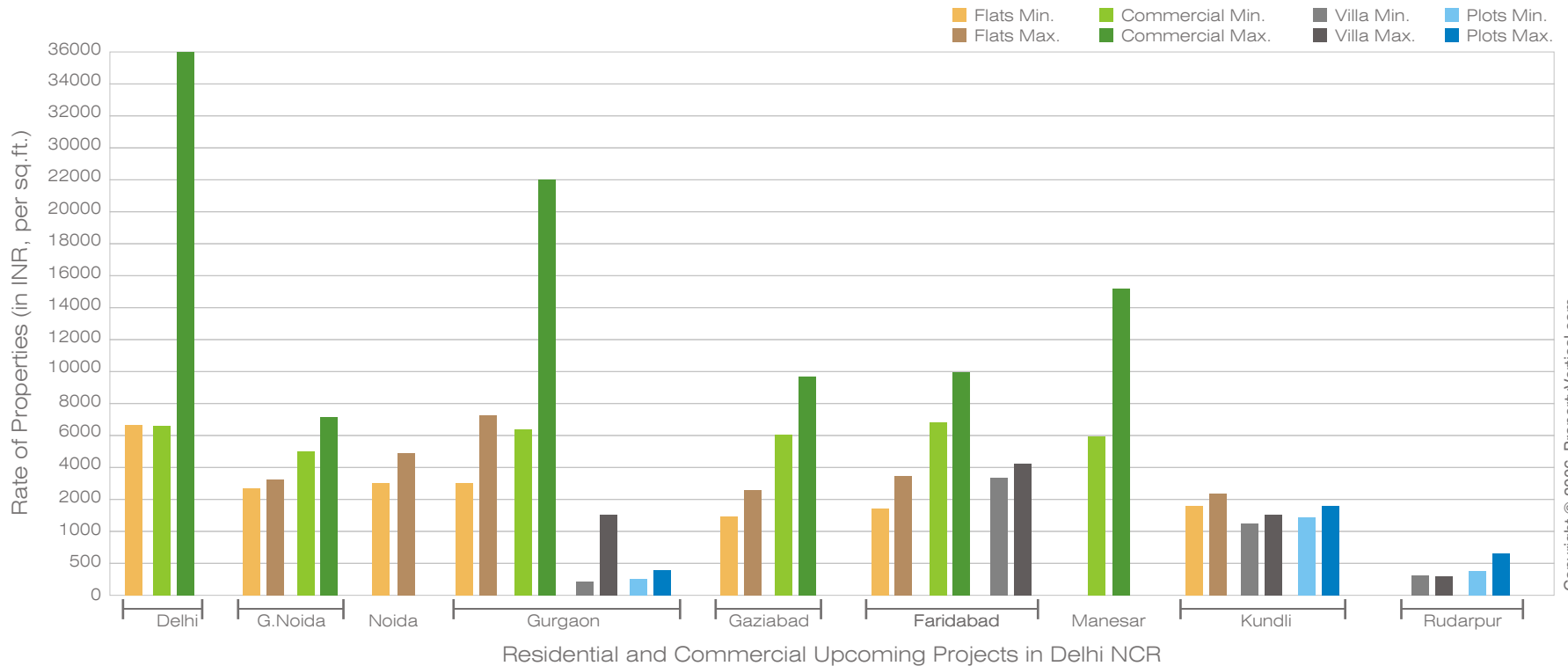
RESIDENTIAL

LOCATION	MINIMUM RATE			MAXIMUM RATE		
	FLATS (Rs./sq ft.)	VILLAS (Rs./sq ft.)	PLOTS (Rs./sq ft.)	FLATS (Rs./sq ft.)	VILLAS (Rs./sq ft.)	PLOTS (Rs./sq ft.)
Delhi	5950	-	-	-	-	-
Noida	2710	-	-	4700	-	-
G. Noida	2530	-	-	3100	-	-
Gurgaon	3294	194	222	7000	1407	422
Ghaziabad	1400	-	-	3225	-	-
Faridabad	1700	3510	-	3597	4030	-
Kundli	1846	1278	1333	2175	1444	1722
Rudrapur	-	272	333	-	263	611

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The rates for the residential upcoming projects in Delhi NCR clearly depict the following facts:

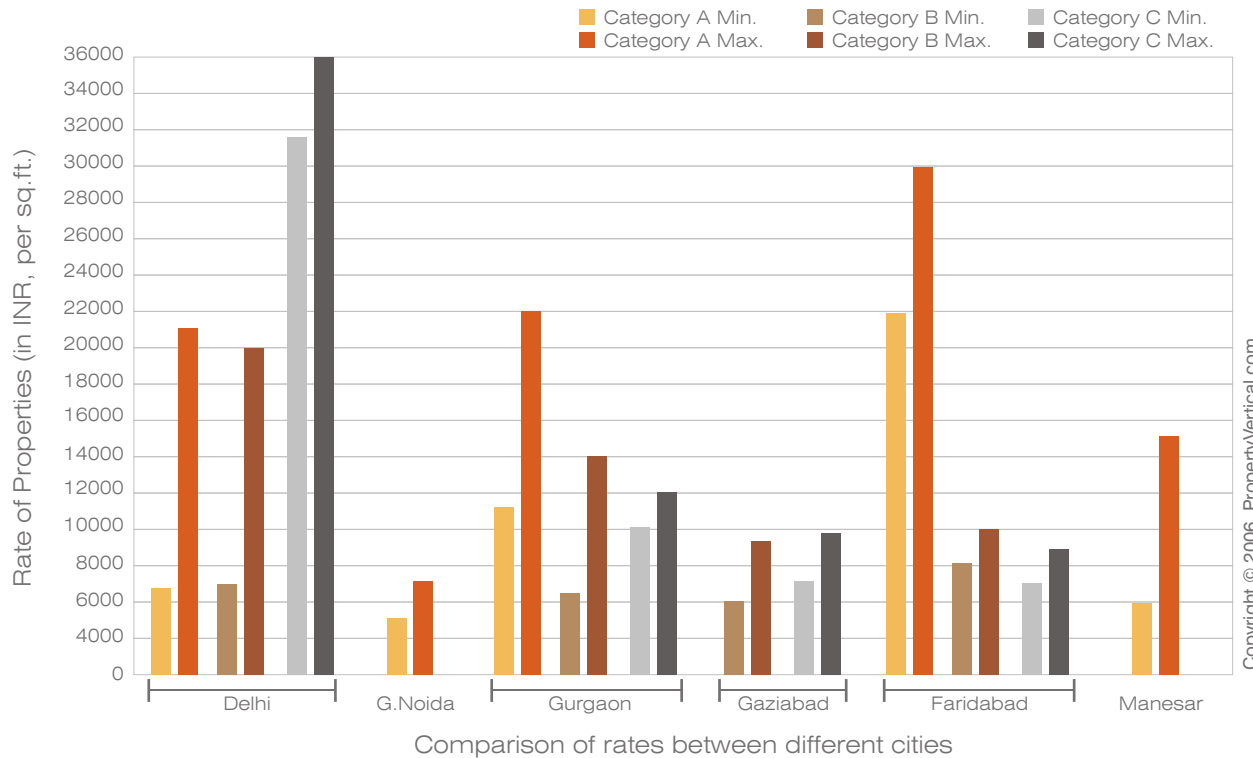
- i) There area many established national builders like TDI, Omaxe, DLF, Ansals, Parasvanath, Unitech as well as some of the new entrants like Dynamic in the real estate industry foraying into the suburbs like Greater Noida, Kundli and Rudrapur.
- ii) Same as the commercial projects, the rates of the residential projects also depend on the factors like the location of the project, commercial viability i.e. existence of any mall or multiplex in the vicinity of the residential project will certainly lead to increased demand of that place thus resulting in higher rates. For instance residential property rates in South Delhi are higher as comparison to other places due to the development in this area and close proximity to place like Gurgaon.
- iii) The accessibility and the approach of a place is one of the major factors. Introduction and expansion of Metro routes has certainly played a vital role in the appreciation of property rates.
- iv) There is a wide variety in residential upcoming projects ranging from the investment, total built-up area, facilities provided by the builders like attached servant quarter, furnished or fully furnished flats, penthouses etc to name a few, number of towers in the project and number of floors in one tower, the payment plan, etc.



b Rate Comparison of Commercial Projects as per the location and category

LOCATION	CATEGORY					
	A		B		C	
	Min. Rate (per sq. ft.)	Max. Rate (per sq. ft.)	Min. Rate (per sq. ft.)	Max. Rate (per sq. ft.)	Min. Rate (per sq. ft.)	Max. Rate (per sq. ft.)
Delhi	6500	21000	7000	20000	31750	36000
G. Noida	5250	7200	-	-	-	-
Gurgaon	11000	22000	6200	14000	10000	12000
Gaziabad	-	-	6000	9500	6900	9900
Faridabad	22000	30000	8000	10000	6500	8500
Manesar	6000	15000	-	-	-	-

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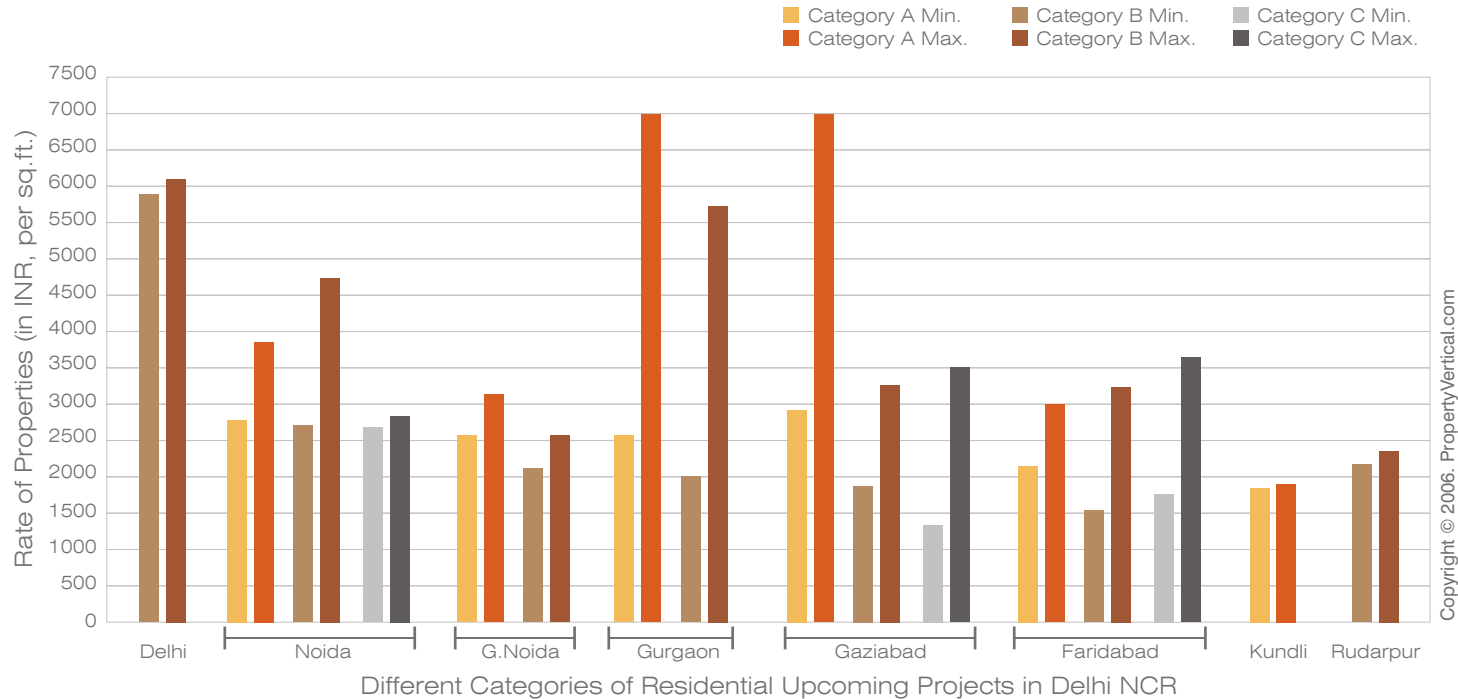
Taking factors relating to the builders/developers like years of experience, credibility, investment, capital and operations as national or local into consideration, the commercial and residential projects has been divided into three categories; "A", "B" and "C"; A being the highest category and C the lowest one.

The alarming rate variations in the A and C category in Delhi is due to the location of the project as the A category projects with huge investments are in the suburbs like Greater Noida, Faridabad and Manesar whereas the category C projects being small with not so huge investments are located in the central areas like old Delhi.

C Rate Comparison of Residential Projects as per the location and category

LOCATION	CATEGORY					
	A		B		C	
	Min. Rate (per sq. ft.)	Max. Rate (per sq. ft.)	Min. Rate (per sq. ft.)	Max. Rate (per sq. ft.)	Min. Rate (per sq. ft.)	Max. Rate (per sq. ft.)
Delhi	-	-	5950	6100	-	-
Noida	2710	3910	2625	4700	2625	2800
G. Noida	2530	3100	2100	2550	-	-
Gurgaon	2575	7000	2000	5750	-	-
Ghaziabad	2950	7000	1810	3200	1400	3500
Faridabad	2100	3000	2700	3220	1700	3597
Kundli	1900	1950	-	-	-	-
Rudrapur	-	-	2174	2364	-	-

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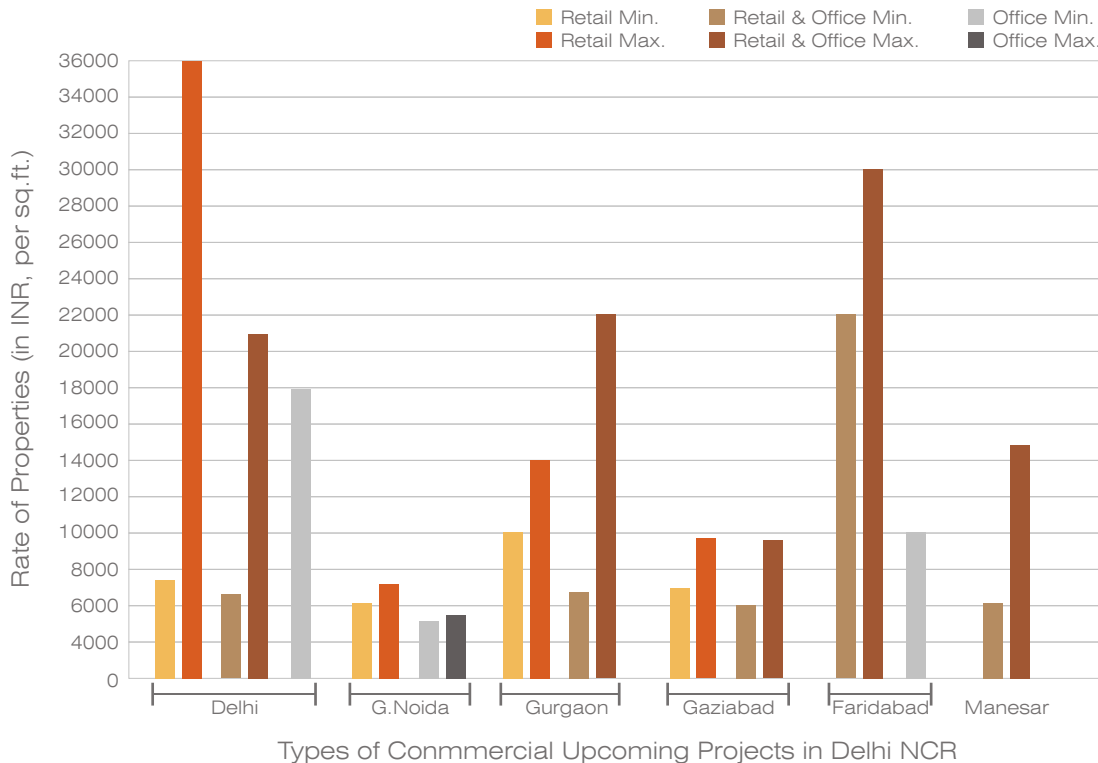
The comparison of upcoming Residential project rates in Delhi NCR under A, B and C category shows that Gurgaon has the widest rate range under category A ranging from Rs. 2575 to Rs. 7000 per sq. ft. The minimum rate Rs 2575 is offered by Omaxe for advance registration whereas the maximum is for the flats in DLF Belaire Project near Golf Course.

Absence of category "A" builders in Delhi proves the fact of lack of free space in this region for any residential project to be undertaken. A few medium size projects are being developed in Delhi areas like Model Town and Dhaura Kaun.

d Rate Comparison of Commercial Projects as per type and location of the project

LOCATION	RETAIL		RETAIL & OFFICE		OFFICE	
	Min. Rate (per sq. ft.)	Max. Rate (per sq. ft.)	Min. Rate (per sq. ft.)	Max. Rate (per sq. ft.)	Min. Rate (per sq. ft.)	Max. Rate (per sq. ft.)
Delhi	7500	36000	6500	21000	18000	-
G.Noida	6100	7200	-	-	5250	5750
Gurgaon	10000	14000	6200	22000	-	-
Gaziabad	6900	9900	6000	9500	-	-
Faridabad	-	-	22000	30000	10000	-
Manesar	-	-	6000	15000	-	-

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The Commercial upcoming projects in Delhi NCR are divided into three types:

- (i) Completely Retail/Commercial
- (ii) Both Retail and Office
- (iii) Completely Office

In retail, Greater Noida has the lowest rate per sq. ft. whereas Gurgaon has the highest rate per sq. ft.

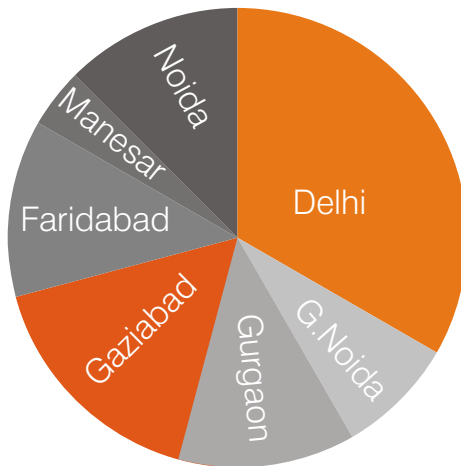
In retail and office, Manesar has the lowest rate whereas Faridabad has the highest rate per sq. ft.

In office, Greater Noida has the lowest rate whereas Delhi has the highest rate per sq. ft.

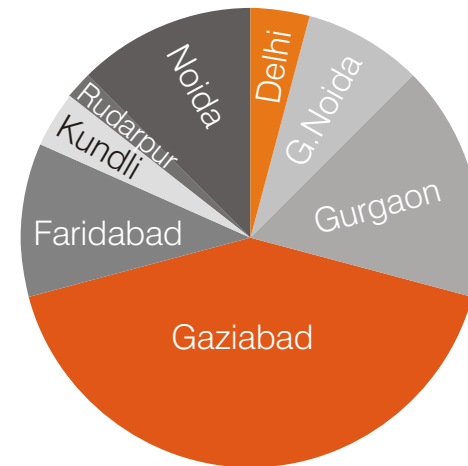
e Number of Projects as per the location

LOCATION	COMMERCIAL	RESIDENTIAL
Delhi	9	1
Noida	2	8
G. Noida	2	5
Gurgaon	4	9
Ghaziabad	5	27
Faridabad	4	5
Manesar	1	-
Kundli	-	3
Rudarpur	-	1

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Commercial



Residential

Maximum number of commercial project are coming up in Delhi whereas Gaziabad is attracting the residential developers.

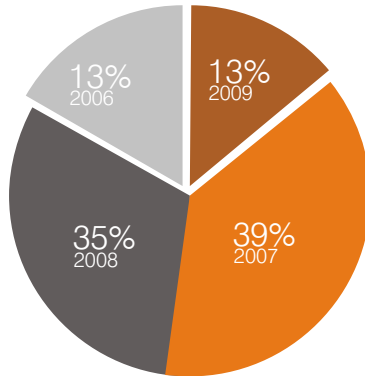
Tier II and tier III cities (non-metros, towns, semi-urban areas) are witnessing a preference over tier I cities by real estate investors. This may lead to the inventory pile-up in these cities in future as leading real estate category A developers like DLF, Ansal, Omaxe Group, Unitech Group, TDI Group and others are now foraying into tier II and III towns like Manesar, Kundli and Rudrapur and the suburb areas of Gaziabad, Greater Noida, Faridabad, etc.

f Projects and their Possession time

COMMERCIAL

YEAR	2006	2007	2008	2009
PERCENTAGE of PROJECTS	13%	39%	35%	13%

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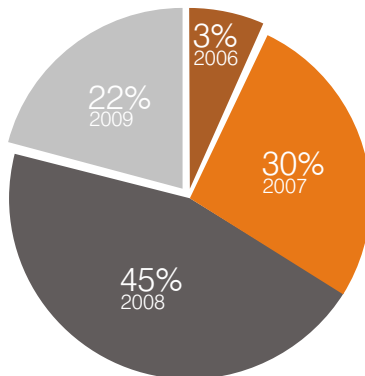
The coming year; 2007 will have the maximum number of commercial projects completed with the possession transferred to the owners.

Even 2008 will witness completion of many projects coming up with commercial ready to fit space.

RESIDENTIAL

YEAR	2006	2007	2008	2009
PERCENTAGE of PROJECTS	3%	30%	45%	22%

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Year 2008 will have the maximum number of residential projects completed. Majority of upcoming residential projects will be completed in the coming year and in 2009.

Predicitons

- 1) The real estate commercial market is expected as follows:
 - Tier I cities- Almost saturated and approaching its peak.
 - Tier II cities- Attracting both local and global players with huge investments. Will witness massive development for the next 2-3 years before the market peaks.
 - Tier III cities- In the inception stage with investments from selected few. Certainly the number of entrants will increase in the coming 5 or more years before a peak in this market segment.
- 2) The commercial real estate market is approaching its peak whereas the residential segment is very robust.
- 3) Keeping in view the robust market conditions, investments in the real estate sector by overseas investors would continue for the next few years.
- 4) There is a risk of supply exceeding the demand in the real estate market in the NCR region in the coming few years.
- 5) Property rates in the new sectors of Faridabad are expected to appreciate with little scope for appreciation in the prime land rates in Noida, Gurgaon and Greater Noida.
- 6) Around eight special economic zones (SEZs) are coming up in Gurgaon. With the SEZs having mandates to develop residential zones will ultimately improve the overall infrastructure quality in their vicinity.
- 7) The Sonapat belt is picking up pace and the market is expected to be more aggressive with land rates expected to appreciate to Rs. 25,000- Rs. 30,000 per square yard in the next 5 years.
- 8) The property rates in Kundli and Manesar region are expected to move with the same pace with gradual momentum in the next 5 years. Recent announcement by Haryana state government to extend metro services to Kundli will certainly make the area one of the most sought-after destinations for real estate developers and investors.
- 9) With the proposed Rajiv Gandhi Education city, in Kundli on the Delhi-Haryana border, this area has the potential of becoming an education hub.
- 10) With Reserve Bank of India allowing NRIs to remit the proceeds from the sale of immovable property in India, lifting the 10 year lock-up will lead to real estate transactions and investments.

Source of Information

- Builders/Developers in Delhi NCR
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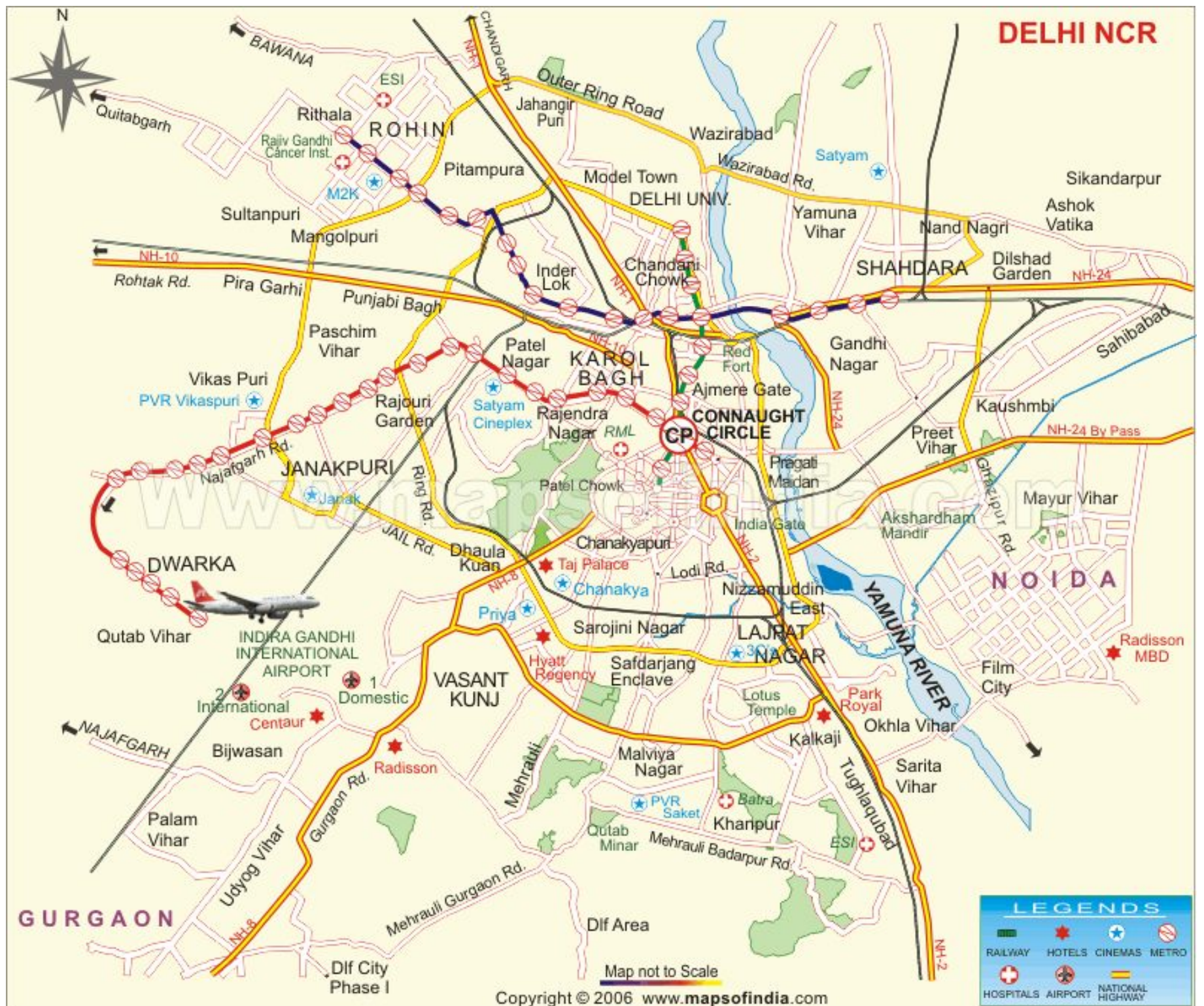
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Email report author Ritu Sharma at info@propertyvertical.com with questions or comments.

DELHI NCR



LEGENDS			
RAILWAY	HOTELS	CINEMAS	METRO
HOSPITALS	AIRPORT	NATIONAL HIGHWAY	

Map not to Scale

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